

**Utah Insurance Department
Content Standards
Group Credit Life and Credit Accident and Health Insurance**

These Standards are provided to assist the insurer in filing forms and rates. They are not intended to be all-inclusive and are a work in progress. References beginning with "31A" refer to the insurance code as part of Utah Code Annotated (U.C.A.) and those beginning with "R590" refer to department rules as part of the Utah Administrative Code (U.A.C.). All references should be reviewed for compliance. All references should be reviewed for compliance. **As required by U.C.A. § 31A-21-201(2), the insurer is responsible for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules.**

FILING PROCEDURES		
Filing of Forms	31A-21-201 31A-22-807 R590-91-4	Utah is a "FILE AND USE" state for forms. It is the insurer's responsibility that the filing is in compliance with Utah Code and rules. Every form filing must include applicable rate schedules. It is grounds for disapproval if the benefits provided are not reasonable in relation to the premium charge.
Accurate, Consistent & Complete Filing Data	31A-2-202(6) R590-228-5	All filing information and data must be accurate, complete and consistent within all filing documents. The data page must contain amounts consistent with the actuarial memorandum and rate schedule. Failure to comply may subject the insurer to the enforcement penalties under 31A-2-308.
Variability - (bracketed data)	31A-21-201 R590-228-6 R590-228-7	Any information that is variable must be bracketed and must be explained in a statement of variability. Any change in the items contained within the brackets must be refilled prior to use.
GENERAL REQUIREMENTS		
Application, Enrollment Form	31A-21-201(3)	Questions concerning health information must be specific and must reference a reasonable time frame in relation to the health condition.
Autopsy & Physical Exam	31A-22-417	Autopsy and/or physical examination must be at the company's expense.
Age Restrictions	R590-91-6 (Credit Life) R590-91-7 (Credit A&H)	R590-91-6.B.(2) for credit life insurance and R590-91-7.B.(4) for credit accident and health, provide that either there are no age restrictions or age restrictions making ineligible for coverage debtors 65 or over at the time the indebtedness is incurred or debtors attained age 66 or over on the maturity date of the indebtedness.
Benefits	31A-21-201(3)	The contract shall clearly state the benefit amounts and shall describe in detail how the benefits are calculated.
Benefits in Excess of Indebtedness	31A-22-806(2)(f)	Benefits in excess of the unpaid indebtedness must be paid to a beneficiary other than creditor.
Claims Settlement	31A-26-301(1) R590-191-4	All proceeds and claims settlement provisions must provide for prompt claim handling. Interest must be paid if the claim is not settled within 15 days of completion of the investigation.
Coverage Types	31A-22-801 R590-91-6 R590-91-7	All benefit types must be identified and clearly described in the policy and certificate, including open-end or closed-end, gross or net coverage, full term or truncated term. The beginning and ending dates of the insurance coverage must be identified.
Coverage Name and Description	31A-22-426	The cover page must contain a brief description on the cover page including the type of insurance, a significant limitation, any specific feature, and any limitation in the policy, contract or certificate.
Data Page	31A-22-806	The data page must disclose the specific data for the coverage including the benefits, amounts, durations, premium information, and any other benefit data applicable to the insured.
Death Benefit	31A-21-201(3)(a)	The death benefit proceeds must be clearly described.
Definition of Disability	R590-91-7(6)	Definition must comply as to insured's inability to perform principal duties of own occupation and thereafter to perform principal duties of any occupation for which the insured is reasonably fitted.
Delivery	31A-22-806(3)	Certificate must be delivered within 30 days after indebtedness is incurred.

Revised November 2006

Disclosure to Debtor	R590-91-12	<p>All of the following items must be disclosed:</p> <ol style="list-style-type: none"> Optional nature of the coverage, Premium or charge listed separately by type of coverage, Eligibility requirements, Health restrictions, At work requirements, Age restrictions, Whether insurance is insufficient to pay off scheduled outstanding loan at any time, and Any exclusions, limitations, or restrictions, <p>All policies and certificates must clearly describe the amount of the benefit and term of the coverage.</p>
Effective/Beginning Date	31A-22-805	Beginning date of insurance must be disclosed and in compliance with requirements.
Eligibility – At Work Requirement	R590-91-7.B.(3)	No actively at work test may require that the debtor be employed more than 30 hours per week.
Entire Contract Provision	31A-22-424	The contract and certificate must contain an entire contract provision that defines the documents and agreements that constitute the entire contract.
Exclusions and Limitations	31A-21-201(3) 31A-22-806(2) R590-91-6 R590-91-7 R590-91-12	<p>Any exclusion, restriction or limitation must be in compliance and must be clearly and prominently disclosed in the policy and certificate.</p> <ul style="list-style-type: none"> No exclusions other than suicide for credit life. No exclusions other than pre-existing conditions, normal pregnancy and intentionally self-inflicted injury for credit accident and health. No exclusion for terrorism is allowed.
Expiry Date, Renewal Dates	31A-21-301(1)(f)	All dates must be clearly identified and described.
Form Number	31A-21-201(3) R590-228-7	A distinct form identification number must appear on the form.
Grace Period	31A-22-513	Grace period entitles the policyholder to at least a 31-day grace period during which the coverage continues in full force.
Incontestability	31A-22-514	The policy and certificate must contain a provision that the validity may not be contested, except for nonpayment of premium, after it has been in force during the lifetime of the insured for two years. The code does not allow an exception for fraud nor for an extension of time for any period that the insured was disabled.
Insurer Name and Address	31A-21-201(3)(a)(iii) 31A-21-301(1)(a)	The exact name of the insurer, the administrative office address, and state of domicile must be identified conspicuously on the policy and application.
Legal Actions and Limitation of Actions	31A-21-313 31A-21-314	Such provisions may not restrict the right of action against an insurer to earlier than 60 days and no more than three years from the date the cause of action accrues. The provision may not deny Utah court jurisdiction.
Limitation on Amount of Insurance	31A-22-804	The initial amount of credit life insurance may not exceed the total amount of indebtedness repayable. The total amount of indemnity payable by credit accident and health insurance may not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness.
Notice of Proposed Insurance	31A-2-806(4) 31A-22-805	Notice of Proposed Insurance must list all required items to be in compliance with requirements of 31A-22-806(4).
Premiums	31A-22-806	Premiums and the method of premium charge are disclosed in the certificate separately for life and accident and health.
Pre-existing Condition Exclusion	R590-91-6 (Life) R590-91-7 (A&H)	<p>Credit Life:</p> <ol style="list-style-type: none"> A pre-existing condition exclusion is restricted to <u>open-end credit plans ONLY</u>. ONLY when NO evidence of insurability is required, ONLY for treatment the insured received within six months preceding the effective date and Which caused the death within six months following the effective date. <p>Credit Accident & Health:</p> <ol style="list-style-type: none"> A pre-existing condition exclusion is restricted to conditions for which the insured received treatment within six months preceding the effective date and Which caused loss within six months following the effective date.

Pre-payment of Indebtedness	R590-91-3.I. & J.	<p><u>Voluntary Prepayment of Indebtedness.</u> If a debtor prepays indebtedness other than as a death or lump sum accident and health payment, then:</p> <ol style="list-style-type: none"> Any credit life insurance must be terminated with an appropriate refund of the credit life insurance premium; Any credit accident and health insurance must be terminated with an appropriate refund of the credit accident and health insurance premium. <p><u>Involuntary Prepayment of Indebtedness.</u> If an indebtedness is prepaid by proceeds of credit life insurance or by a lump sum payment of a disability claim, then:</p> <ol style="list-style-type: none"> In the case of prepayment by the proceeds of credit life insurance or by the proceeds of a lump sum total and permanent disability benefit under the credit life coverage, an appropriate refund of the credit accident and health insurance premium; <p>In the case of prepayment by a lump sum disability claim, an appropriate refund of the credit life insurance premium.</p>
Proof of Loss	31A-21-312 Bulletin 87-6	Proof of loss provision must allow the insured or claimant to file the notice and/or proof of loss as soon as reasonably possible. Failure to file within the time specified does not invalidate a claim if the insured or claimant shows that it was not reasonably possible to file within the time specified and that notice and/or proof was filed as soon as reasonably possible. The provision <u>may not</u> state that in no event except in the absence of legal capacity, may proof be filed later than the time required in the policy.
Rates	31A-22-807 R590-91-6 (Credit Life) R590-91-7 (Credit A&H)	<p>Credit life insurance prima facie premium rates for indebtedness payable in equal monthly installments:</p> <ul style="list-style-type: none"> Outstanding Balance: \$.65 per month per \$1,000 of outstanding insured indebtedness Single Premium Decreasing Term = $(N + 1)/20$ (Op) Single Premium Level Term = $N/10$ (Op) Joint Coverage factor 170% of specific rate Combination of appropriate rates Actuarially consistent rate Premium rates apply to policies providing credit life either with or without evidence of insurability. <p>Credit accident and health insurance prima facie rates for indebtedness repayable in equal monthly installments payable on a single-premium basis are found on the department's website: http://www.insurance.utah.gov/rules/R590-091att.htm</p> <ul style="list-style-type: none"> Outstanding balance = $20/n + 1$ (SPn) Actuarial equivalent rate Appropriate combination Open-end, monthly rate n is the number of months required to completely extinguish the debt. Rate must be reduced for critical period. Premium rates apply to policies providing credit accident and health insurance either with or without evidence of insurability <p>Rates are considered file for approval.</p>
Refund Procedures and Formulas	31A-22-808 R590-91-8	<p>Refund formulas must be appropriate for each type of coverage and must be in compliance with the code and rule. The formulas must be filed with the forms.</p> <ul style="list-style-type: none"> Pro Rata unearned gross premium method for level term credit insurance. Rule of 78 or sum of digits unearned premium method for gross single premium. Combination Methods: an appropriate combination of pro rata and the Rule of 78 method for credit life provided as a combination of level and decreasing term and for certain credit accident and health insurance. Actuarial method also known as the pure premium method or an arithmetic average of refunds for net indebtedness and other modes of premium payment. <p>If the total of all refunds is less than \$5.00, no refund need be made.</p>
Reservation of Discretion	R590-218	The use of reservation of discretion clauses in forms that are not associated with ERISA employee benefit plans is prohibited.
Right of Debtor to Choose Insurer	31A-22-807	The creditor shall inform the debtor of the debtor's option to choose insurer when credit life or credit accident and health insurance is required as security for indebtedness.

Revised November 2006

Sample Data	R590-228-7	The policy and certificate specifications page(s) must be completed with rates and data consistent with the actuarial memorandum and the schedule of rates.
Suicide Exclusion	R590-91-6B(1)	Suicide exclusion must be limited to one year. The policy and certificate must provide for return of premium.
Term of Coverage	31A-22-801	Insurance in connection with a loan or other credit transaction of ten years or less is subject to 31A-22 Part 8 and all applicable code and rules.
Termination	R590-91-8.C	In the event of termination, no charge may be made for the first 15 days of a loan month and a full month may be charged for 16 days or more of a loan month.
Termination of Group Policy	R590-91-3.E	In event of termination of the group policy for any reason, insurance coverage on any debtor insured with payment of a single premium shall be continued for the entire period for which the single premium has been paid.
Unfair, Misleading, Deceptive Provisions	31A-21-201(3)	Provisions may not be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest. The policy may not contain inconsistent, ambiguous or misleading clauses, or contain exceptions and conditions that unreasonably affect the benefits purported to be provided in the general coverage of the contract.
RATING REQUIREMENTS		
Premium Rates	31A-22-807 R590-228-6	Every form and/or rate filing must include a complete schedule of rates for each type of coverage, duration, and method of premium charge.
Submission of Rates	R590-91-4 R590-228-6 31A-22-807	When filing a form, the rate(s) and all supporting actuarial documentation must be included. Rates are considered file for approval.
Deviated Rates	31A-22-807 R590-228-8	Rates submitted higher than prima facie rates or rates on file are subject to approval based on a demonstration of compliance that the rates submitted produce a loss ratio in excess of the minimum loss ratio standard by five percentage points or more.
Actuarial Documents		
Actuarial Memorandum	31A-22-801(2)(a) 31A-22-807 R590-228-8 R590-91-5 R590-91-6 R590-91-7 R590-91-10	<p>The memorandum must be signed and dated by an actuary. The memorandum must include a detailed description of the following:</p> <ul style="list-style-type: none"> a. Types of coverage (gross, net, decreasing, level, single/joint life, full term, truncated, etc.) b. Types of loans (open end, closed end) c. Durations of loans d. Durations of coverages e. Methods of premium charges (single premium, monthly outstanding balance) f. Rate schedules, methods of calculation and formulas (see below) g. Refund Formulas (see below) h. Reserve Bases and Methods (see below) i. Certification of Compliance with Utah laws and rules <p>All benefits must be reasonable in relation to the premium charged. Include documentation and demonstration of compliance.</p>
Actuarial Demonstration of Compliance	R590-91-5.B. R590-228-6.(7)	<p>The actuary must include a demonstration that the benefits provided are fair and equitable in relation to the premiums charged.</p> <ul style="list-style-type: none"> a. Standard coverage: Formulas and sample calculations b. Nonstandard coverage: must demonstrate that the premium rates will develop a compliant loss ratio (31A-22-807).
Actuarial Certification of Compliance	R590-91-4.B.(2) R590-228-6.(7)	The filing must include a currently dated and signed Certification of Compliance with Utah laws and rules.

Rate Schedules, Methods of Calculation, and Formulas	31A-22-807 R590-91 R590-228-8 Bulletin 2002-02	Explain the method of premium calculation in detail. Rate schedules must identify: <ul style="list-style-type: none">a. whether the rates are Utah published prima facie rates,b. whether the company has a rating schedule on file.c. If rates are other than Utah prima facie rates, explain and demonstrate how such rates are in compliance. Premiums must be reasonable in relation to benefits. NOTE #1: Every filing must indicate whether the Company has a rating schedule on file. If so, all rates submitted must be the same as those on file for that type of coverage and premium method. NOTE #2: Prima facie rates for credit accident and health for open-end loans must comply with R590-91-7A(7)(a).
Refund Formulas	31A-22-808 R590-91-8	Refund formulas for all coverages must be disclosed and in compliance.
Reserve Bases and Methods	R590-91-4	Reserve methods must be in compliance.